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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHBJ/AMEMBASSY BEIJING 2607
RUCPDO/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/OSD WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEHGV/USMISSION GENEVA 0989
RUEHVEN/USMISSION USOSCE 3000
RUCNDT/USMISSION USUN NEW YORK 2385
RUEHNO/USMISSION USNATO BRUSSELS BE
RUEHBS/USEU BRUSSELS
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL

C O N F I D E N T I A L SECTION 01 OF 02 BISHKEK 000766

SIPDIS

DEPT FOR SCA/CEN

E.O. 12958: DECL: 07/25/2018

TAGS: [PGOV](#) [PREL](#) [EINV](#) [KIDE](#) [OPIC](#) [KG](#)

SUBJECT: CHARGE PROTESTS BISHKEK MAYOR'S ACTIONS AGAINST
HYATT

REF: BISHKEK 760

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Classified By: CDA Lee Litzenberger for Reasons 1.4 (b) and (d).

¶1. (C) Summary: Charge called on presidential foreign policy advisor Islan Ryskulov July 25 to protest the actions of the City of Bishkek against the Hyatt Regency Hotel. Charge pointed out that the city's unilateral actions to shut off the hotel's water supply and tear down the hotel's perimeter security fence violated Kyrgyz law, broke the terms of the Hyatt's leases and contracts, and threatened the security of the hotel. Charge said that we see these actions as an attack on the largest U.S. investment in Kyrgyzstan, and, if not resolved, these actions would have serious consequences for the bilateral relationship. Ryskulov agreed that the incidents were unfortunate, but assured Charge that it was solely the work of the mayor of Bishkek and did not reflect administration policy. Ryskulov was hopeful that the "economic dispute" between the Hyatt and the city could be "resolved" in a few days. Separately, the Embassy sent a diplomatic note to the MFA protesting the city's actions and requesting that the government provide security to secure the perimeter of the Hyatt. End summary.

¶2. (SBU) Charge met with presidential foreign policy advisor Islan Ryskulov to protest the actions by the Bishkek Mayor's Office against the Hyatt Regency Hotel in Bishkek. The Hyatt, which represents the largest American investment in Kyrgyzstan, leases approximately 2 hectares in central Bishkek from the City of Bishkek. On the grounds stands a statue of a famous Kyrgyz ballerina. The City of Bishkek contends that the Hyatt's fence blocks "public access" to the statue, and has demanded that the Hyatt remove its perimeter fence. On July 16 municipal authorities shut off the water supply to the hotel, and on July 24 city workers tore down the security fence surrounding the hotel (Reftel).

¶3. (C) Charge told Ryskulov that the City of Bishkek's unilateral actions against the Hyatt constitute a violation

of Kyrgyz law, break the terms of the Hyatt's leases and contracts, and threaten the security of the Hyatt. Charge noted that senior Hyatt officials in the United States had raised the case with A/S Boucher. Charge said that we see the city's actions as an attack on the largest American investment in Kyrgyzstan, and if the situation is not resolved quickly, this would have consequences for the bilateral relationship. Charge said that the actions against the Hyatt send an extremely negative signal about the environment for foreign investment in Kyrgyzstan, contrary to the expressed policy of President Bakiyev and the Kyrgyz government. Charge said that the U.S. expects that the City of Bishkek will compensate the Hyatt for the damages and restore the security fence. Charge added that we were requesting the Ministry of Internal Affairs to provide perimeter security for the Hyatt until the fence is rebuilt.

¶4. (C) Ryskulov said that the situation was unfortunate, and he assured Charge that the action was solely that of the Mayor of Bishkek and did not reflect the administration's policy. He characterized the situation as an "economic dispute" between a "private party" and the City of Bishkek, and he hoped that this would not become a "political" dispute. He said that he had spoken earlier in the day to presidential chief of staff Sadyrkulov, and they thought that one possible solution could be for the Hyatt to agree to move the statue to another location, and then the City to rebuild the fence. Charge pointed out that the Hyatt had previously offered to move the statue, but the City had refused the idea.

¶5. (C) Ryskulov acknowledged that the actions had been a "big mistake", but he said that the administration would take

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steps to resolve the situation. He said he and Sadyrkulov would speak to the Mayor of Bishkek, and he was hopeful that the situation could be resolved in the next few days by Sadyrkulov, the Prime Minister, or the President.

¶6. (C) Separately, the Embassy sent a diplomatic note protesting the actions taken against the Hyatt Hotel by the City of Bishkek and requesting that the government provide additional security around the perimeter of the Hyatt property until the fence is restored.

¶7. (C) Hyatt's U.S. Director for the Bishkek project wrote directly to President Bakiyev to protest the City's actions. The letter points out that the terms of the land leases offered by the City of Bishkek were crucial to the Hyatt's decision to invest to invest in the Bishkek project.

¶8. (U) The water supply to the Hyatt was restored on July 25. The Mayor's Office also released a press statement noting that the Hyatt pays \$2600 per year to lease its land.

¶9. (C) Comment: Ryskulov was concerned about the incident and seemed to understand the seriousness of the possible consequences to the bilateral relationship, as well as to the investment climate. While we are encouraged that Ryskulov thought the situation could be resolved "in the next few days," we are not as confident that this situation can be resolved quickly or easily, because the Mayor's ultimate goal appears to be to force the Hyatt to pay more for the land it leases from the city.

LITZENBERGER